

4 FAH-3 H-530 COMPUTATION OF PAY AND ALLOWANCES

4 FAH-3 H-531 DESCRIPTION AND DEFINITIONS

(TL:FMP-15; 02-06-2003)
(Office of Origin: RM/GFS/FPMC)

4 FAH-3 H-531.1 Description

(TL:FMP-4; 6-15-95)

Description of the rules for computation of base pay, premium pay, and other compensation and allowances for U.S. citizen employees and Foreign Service National employees. U.S. citizen personal services contractors' pay and allowances are governed by the specific contract terms are found in 4 FAH-3 H-530 . However, to be serviced by the Consolidated American Payroll System (CAPPS) terms must be compatible with the usual parameters of U.S. citizen employee entitlements. The pay and allowances of FSN personal services contractors conform to the conditions of employment for direct-hire FSN employees insofar as possible (see 3 FAM 7300). The statements in this subchapter on FSN employees, rather than on U.S. citizen employees, are applicable to any AMCIT (an American who is not a family member of a U.S. government employee, hired at post of residence into an FSN position).

4 FAH-3 H-531.2 Definitions and Explanations

4 FAH-3 H-531.2-1 Base Pay

(TL:FMP-4; 6-15-95)

a. **Scheduled annual rate of pay**—the statutory pay system rate of basic pay for employee's grade and step (or relative position in the rate range), including special rate for law enforcement officers in section 403 of Pub. L. 101-509, or a retained rate of pay.

b. **Interim geographic adjusted annual rate of pay**—the scheduled annual rate of pay of an employee, whose official duty station is located in an interim geographic adjustment area, multiplied by 1.08 and rounded to the nearest whole dollar, counting 50 cents and over as a whole dollar. (5 CFR 531.101).

c. **Locality annual rate of pay**—an employee’s scheduled annual rate of pay increased by the percentage authorized for the locality pay area in which the employee’s official duty station is located and rounded to the nearest whole dollar, counting 50 cents and over as a whole dollar. (5 CFR 531.602).

d. **Special law enforcement adjustment annual rate of pay**—a law enforcement officer’s (LEO’s) scheduled annual rate of pay multiplied by the 5 CFR 531.302 area factor for the area in which employee’s official duty station is located. (5 CFR 531.300).

e. **Base pay or basic pay**—for purposes of computing pay, premium, pay premium pay limitations, severance pay, terminal leave, life insurance, retirement, and Thrift Savings Plan, basic pay means the employees’ scheduled annual rate of pay increased by any applicable interim geographic adjustment or locality-based comparability, or special law enforcement adjustment. Basic pay for other purposes is the scheduled annual rate of pay exclusive of any interim geographic, locality, or special law enforcement adjustment. Base pay is exclusive of allowances, post differentials, charge, or premium pay for overtime, night Sunday, or holiday work. However, premium pay on an annual basis for standby duty and administratively uncontrollable overtime (AUO) is considered a part of base pay in computing life insurance, retirement, and Thrift Savings Plan deductions and contributions.

f. **Compensation to persons under FSN local compensation plans** established under section 408 of the Foreign Service Act is defined differently. The compensation plan may provide a basic salary rate and an adjusted basic rate. The adjusted basic rate is the basic rate adjusted for certain monetized benefits. If there is an adjusted basic rate, it is paid for work during the basic workweek but is not used for computation of premium pay, bonuses, payment to retirement systems, severance pay, etc. The basic rate is applicable for these purposes.

g. **Pay of U.S. citizen personal services contractors** is governed by the terms of the contract. The terms may provide a stated annual rate adjusted for such monetized benefits as health insurance to create an adjusted annual rate to be used for hours worked during the basic workweek. Whereas, the rate base for hours in excess of the basic workweek is the unadjusted rate.

4 FAH-3 H-531.2-2 Administrative Workweek

(TL:FMP-4; 6-15-95)

Administrative workweek means a period of seven consecutive calendar days beginning on a day and hour established in advance under 3 FAM 3100, Attendance and Leave.

4 FAH-3 H-531.2-3 Basic Workweek

(TL:FMP-4; 6-15-95)

The basic workweek for full-time employees is usually the 40-hour workweek established under 3 FAM within each administrative workweek or as the FSN local compensation plan directs.

4 FAH-3 H-531.2-4 Overtime

(TL:FMP-4; 6-15-95)

Overtime for U. S. citizen employees for all authorized and performed work of full-time, part-time, and intermittent tours of duty performed by permanent or temporary employees in excess of forty hours in an administrative workweek or eight hours in a day, whichever is greater and except as otherwise provided in 3 FAM 3100 . For FSN's overtime is work performed in addition to the individual's basic workweek.

4 FAH-3 H-531.2-5 Premium Pay

(TL:FMP-4; 6-15-95)

Premium pay for U. S. citizen employees means additional pay authorized under Chapter 55 of 5 U.S.C., for overtime, night, holiday, Sunday work, and standby duty. Any premium benefits for U.S. citizen personal services contractors would be identified in the contract. Premium pay for Foreign Service National employees and personal services contractors and AMCITs is as prescribed in the local compensation plan pursuant to local labor laws and prevailing practices.

4 FAH-3 H-531.2-6 Tour of Duty

(TL:FMP-4; 6-15-95)

Tour of duty means the hours of duty and days of an administrative workweek that make up an employee's regularly scheduled basic workweek.

4 FAH-3 H-532 COMPUTATION OF BASE PAY

4 FAH-3 H-532.1 Base Pay for U.S. Citizen Employees

(TL:FMP-4; 6-15-95)

For the computation of pay, U. S. citizen employees are considered to be employed on an annual basis consisting of a 52-week workyear of forty hours each (5 U.S.C. 5504). Whenever it is necessary to convert a base annual salary rate to a basic hourly, daily, or biweekly rate, the following rules apply:

(1) The hourly rate is derived by dividing the annual rate of base pay by 2087. Compute to the nearest cent counting one-half cent and over as the next higher cent;

(2) The daily rate is the hourly rate (computed as above) multiplied by the number of daily hours of work;

(3) The biweekly rate is the hourly rate (computed as above) multiplied by the number of biweekly hours of work.

4 FAH-3 H-532.2 Base Pay for Foreign Service National Employees

(TL:FMP-4; 6-15-95)

For the computation of pay, Foreign Service National (FSN) employees and personal service contractors (PSCs) and AMCITs, whose compensation is fixed pursuant to the provisions of section 408 of the Foreign Service Act of 1980, as amended, are considered to be employed on an annual basis consisting of a 52-week basic work year. The number of hours in such basic workweeks and the base annual salary rates are set forth in the individual post's Foreign Service National compensation plan. Whenever it is necessary to convert a base annual salary rate to a basic hourly, daily, or biweekly rate, the following rules apply:

(1) The hourly rate is the basic annual rate divided by the number of annual hours of work for which the position is scheduled. Where the work schedule coincides with the 40-hour workweek of U.S. citizens, the hourly rate is derived by dividing annual pay by 2087;

(2) The daily rate is the hourly rate (computed as above) multiplied by the number of daily hours of work; and

(3) The biweekly rate is the hourly rate (computed as above) multiplied by the number of biweekly hours of work.

4 FAH-3 H-532.3 Pay For Others

(TL:FMP-4; 6-15-95)

The pay of a U. S. citizen personal services contractor is determined by the terms of the contract. Caution should be exercised in the execution of a contract where the terms are compatible with the existing payroll system edits and requirements. Work performed in the United States and certain territories under a personal services contract is subject to the overtime rules of the Fair Labor Standards Act (FLSA) unless the work is in an executive, administrative, or professional capacity (5 CFR Part 551).

4 FAH-3 H-533 PREMIUM AND OTHER COMPENSATION FOR U.S. CITIZEN EMPLOYEES

(TL:FMP-4; 6-15-95)

There are a number of limitations or caps on compensation that may be paid. Some are on a specific kind of compensation such as post differential or premium pay or SES/SFS awards. Two broad-based limitations are:

(1) Aggregate Limitation on Pay (5 U.S.C. 5307) provides that aggregate compensation paid in a calendar year may not exceed the rate payable for Level I of the Executive Schedule. Aggregate compensation means the total basic pay (including locality-based comparability or interim geographic adjustment, or special pay adjustment for law enforcement officers or the physician's comparability), 5 U.S.C. premium pay, post differential, danger pay, SES performance and presidential awards (5 U.S.C. 5374 and 4507), incentive awards (5 U.S.C. Chapter 45), PMRS awards (5 U.S.C. 5406 and 5407), equalization pay of transferees to international organizations, retention allowance, supervisory differential, recruitment bonus, and relocation bonus.

(2) Chief of mission limitation provides that total compensation, exclusive of danger pay, may not exceed the annual rate payable for Level I of the Executive Schedule (Section 401 of the Foreign Service Act). This limitation includes basic pay, post differential, SFS performance and presidential awards and other incentive allowances such as language incentive differential.

4 FAH-3 H-533.1 Scope and Applicability of Premium Pay

(TL:FMP-4; 6-15-95)

Premium pay provisions arise from four sources (explained below):

—Subchapter V, Chapter 55, 5 U.S.C.;

- Fair Labor Standards Act;
- Prevailing Rate Systems; and
- The Foreign Service Act.

4 FAH-3 H-533.1-1 Eligibility Under 5 U.S.C.

(TL:FMP-4; 6-15-95)

Unless otherwise stated, all U. S. citizen employees of the foreign affairs agencies are eligible for premium pay as indicated in subchapter V, Chapter 55, 5 U.S.C., except:

- (1) An employee whose rate of base pay equals or exceeds the rate of base pay for GS-15, step 10 (for example, chiefs of mission, ambassadors, and executive schedule officials);
- (2) A member of the Senior Foreign Service;
- (3) A member of the Senior Executive Service;
- (4) Commissioned Foreign Service Officers;
- (5) Student-employees assigned primarily for training purposes to a office;
- (6) Experts and consultants;
- (7) Consular agents;
- (8) Federal Wage System and other employees whose pay is fixed by prevailing rates; and
- (9) AMCITs.

4 FAH-3 H-533.1-2 Eligibility Under the Fair Labor Standards Act (FLSA)

(TL:FMP-4; 6-15-95)

Pay administration under the FLSA is detailed in 5 CFR 551 and 3 FAM 3100 . Employees in the United States generally nonexempt from the FLSA are GS-4 or below and those GS-5 through GS-10 not defined as an executive, administrative or professional employee. The nonexempt status is designated on the employee's personnel action.

4 FAH-3 H-533.1-3 Eligibility Under the Prevailing Rate Systems

(TL:FMP-4; 6-15-95)

Premium pay of individuals employed in the United States in a recognized trade or craft or other skilled mechanical craft or in unskilled, semiskilled, or skilled manual labor occupation is discussed in Subchapter IV, Chapter 53, 5 U.S.C. and 5 CFR 532.500 and 3 FAM 3100 .

4 FAH-3 H-533.1-4 Eligibility Under the Foreign Service Act of 1980

(TL:FMP-4; 6-15-95)

Foreign Service officers may be eligible for special differential for substantial amounts of extra work and special compensatory time off under 22 U.S.C. 3972.

4 FAH-3 H-533.1-5 Limitation on Premium Pay

(TL:FMP-4; 6-15-95)

a. An employee may be paid premium pay only to the extent that payment does not cause the total basic pay and premium pay for any pay period to exceed the rate for GS-15, step 10 (including any applicable locality-based comparability payment under 5 U.S.C. 5304 or interim geographic adjustment or special salary rate established under 5 U.S.C. 5305). This limitation does not apply to nonexempt FLSA employees, employees in the Federal Wage System, 5 CFR 550.106 emergency work, or law enforcement officers under paragraph b of this section, nor to the special differential for substantial amounts of extra work or special compensatory time off for FSOs.

b. A law enforcement officer within the meaning of 5 U.S.C. 8331 (20) or 8401 (17) may be paid premium pay only to the extent that basic pay and premium pay do not exceed the lesser of:

(1) One hundred and fifty percent of GS-15, step 1, including locality-based comparability pay or interim geographic adjustment and any special salary rate under 5 U.S.C. 5305; or

(2) The rate payable for a Level V of the executive schedule.

c. Premium pay is not creditable for benefits such as retirement, life insurance, or Thrift Savings Program (TSP).

4 FAH-3 H-533.1-6 Employment Taxes

(TL:FMP-4; 6-15-95)

Premium pay is subject to U.S. FICA and Federal, State, and County or City income tax.

4 FAH-3 H-533.2 Overtime Pay

(TL:FMP-4; 6-15-95)

a. Overtime for U. S. citizen employees is earned pursuant to section 3 FAM 3100 . Irregular scheduled overtime is also eligible for compensatory time treatment. Both types of overtime are reported on the time and attendance (T&A) reports.

b. Under Title 5 for each employee whose rate of basic pay does not exceed the GS-10, step 1, rate, the overtime hourly rate is 1 1/2 times the hourly rate of basic pay. If the rate of basic pay exceeds the rate for GS-10, step 1, (as determined above), the overtime hourly rate is 1 1/2 times the hourly rate of basic pay for GS-10, step 1, (as determined above).

NOTE: Base pay includes any applicable interim geographic adjustment, special rate of pay for law enforcement officers, or special pay adjustment for law enforcement officers under section 302, 403 or 404 of the Federal Employees Pay Comparability Act of 1990 (Pub. L. 101-509). It also includes any locality-based comparability payment under 5 U.S.C. 5304; and any applicable special rate of pay under 5 U.S.C. 5305 or similar provision of law.

c. The Title 5, GS-10, step 1, hourly rate limitation does not apply under FLSA.

4 FAH-3 H-533.3 Special Differential for Substantial Amounts of Extra Work

4 FAH-3 H-533.3-1 Authority

(TL:FMP-4; 6-15-95)

The Foreign Service Act of 1980, Section 412, as amended, authorized special differential for substantial amounts of extra work. It is codified in 22 U.S.C. 3972. Provisions relating to special differential for substantial amounts of extra work are described in 3 FAM 3100 .

4 FAH-3 H-533.3-2 Applicability

(TL:FMP-4; 6-15-95)

Only Foreign Service officers in classes FO-02 through FO-06 detailed or assigned to a position certified for the special differential are eligible.

4 FAH-3 H-533.3-3 Payment of Special Differential

(TL:FMP-4; 6-15-95)

a. Payment of special differential is made through the payroll system along with the biweekly payroll upon notification from the bureau executive director or cable from the post administrative officer. The notification should identify the employee's name, grade/step, social security number, position number, organization code, inclusive dates of eligibility, and the applicable percentage. Hours of special differential should not be recorded on the T&A reports.

b. Payment of special differential to Department of State employees will be charged against the funds held by the employee's organization and not the American Salaries allotment. Payments of special differential to USIA employees assigned to overseas posts will be charged to USIA's allotment 1006, function code L0000, and resource code 11020.

c. Notification of termination of eligibility due to promotion, transfer, or revocation of certification is made by similar communication with the new termination date. The pay center should also be notified to stop payment of the differential for periods of absence in excess of twenty-one calendar days.

4 FAH-3 H-533.4 Compensatory Time Off for Irregularly Scheduled Overtime Work

533.4-1 Authority

(TL:FMP-4; 6-15-95)

a. Generally GS, GG, and GM employees of the Civil Service and FP and AFM employees of the Foreign Service are eligible for overtime compensation. This compensation can be, and in certain instances must be, in the form of compensatory time off rather than paid overtime. Usually, employees paid more than the rate for GS 10, step 10, must take compensatory time, while employees paid at the GS 10, step 10, rate or below may choose to receive compensatory time.

b. Employees nonexempt from the FLSA may not be required to take compensatory time rather than overtime.

c. See 3 FAM 3100 for detailed rules.

4 FAH-3 H-533.4-2 Time Limit

(TL:FMP-4; 6-15-95)

When compensatory time off earned by an employee is not used within the 16-week period, it is forfeited unless: the employee is not exempt from FLSA; or the employee requested leave but it was denied. In these instances, it is paid as overtime.

4 FAH-3 H-533.4-3 Recording and Payment of Compensatory Time Off

(TL:FMP-4; 6-15-95)

- a. Compensatory time off must be recorded on the biweekly T&A report when it is earned or used.
- b. Compensatory time off cannot be earned for any overtime worked which, if compensated, would cause the aggregate rate of pay for the pay period to exceed the premium pay limitation in 4 FAH-3 H-533.1-5 .

4 FAH-3 H-533.4-4 Special Compensatory Time Off for FSO's

(TL:FMP-4; 6-15-95)

Since commissioned Foreign Service Officers (FSOs) are ineligible for Title 5 overtime, compensatory time or holiday premium pay, Section 412 (c) of the Foreign Service Act permits them to earn compensatory time off for regular or irregular overtime or U.S. holiday work ordered and approved on Form JF-56 in the U.S. or abroad. Neither Senior Foreign Service members nor FSOs authorized the special differential for substantial amounts of extra work are eligible. Special compensatory time off cannot be earned for any work which, if compensable in salary, would cause the aggregate rate of pay to exceed the GS-15 step 10, biweekly rate. Any special compensatory time unused within twenty-six weeks following the pay period in which it was earned is forfeited.

4 FAH-3 H-533.5 Sunday Pay

4 FAH-3 H-533.5-1 Authority

(TL:FMP-4; 6-15-95)

Sunday pay is authorized by 5 U.S.C. 5546. Provisions relating to Sunday pay are described in 3 FAM 3100 .

4 FAH-3 H-533.5-2 Computation of Sunday Pay

(TL:FMP-4; 6-15-95)

Except as otherwise provided in 3 FAM 3100 , regular scheduled work on Sunday entitles one to pay at the employee's hourly rate of basic pay plus premium pay at a rate of 25 percent of the basic rate. Work in excess of eight hours on Sunday is compensated at the applicable overtime rate. Sunday pay is subject to the GS-15, step 10, pay limitation in 4 FAH-3 H-533.1 above. Full-time U.S. citizens employees, except Senior Foreign Service members, senior executive service members and tenured Foreign Service officers, serving at a post where Sunday is a workday in the post's administrative workweek are eligible for Sunday pay.

4 FAH-3 H-533.6 Holiday Pay

4 FAH-3 H-533.6-1 Authority

(TL:FMP-4; 6-15-95)

Holiday pay is authorized by 5 U.S.C. 5546. U.S. holidays are authorized in 5 U.S.C. 6103 and are provided in 3 FAM 3100 .

4 FAH-3 H-533.6-2 Rules for Legal U.S. Holidays

(TL:FMP-4; 6-15-95)

a. U. S. citizen employees eligible for premium pay who perform work on a holiday designated by Federal statute or Executive Order are entitled to pay at their basic rate of pay plus additional holiday premium pay at a rate equal to the rate of basic pay, for work during basic work hours that falls on the holiday. (see 3 FAM 3100).

b. Work performed on a holiday during other than basic working hours is treated as overtime work rather than holiday.

c. See 4 FAH-3 H-534.2 below for Foreign Service Nationals working on U. S. holidays.

4 FAH-3 H-533.6-3 Rules for Local Holidays

(TL:FMP-4; 6-15-95)

a. U. S. citizen employees who perform work during basic working hours on a local holiday are not entitled to additional compensation for such duty. (See 3 FAM 3100).

b. Work performed on a holiday during other than basic working hours is treated as overtime work rather than holiday work.

c. See 4 FAH-3 H-534.2 for Foreign Service Nationals working on local holidays.

4 FAH-3 H-533.7 Night Pay Differential

4 FAH-3 H-533.7-1 Authority

(TL:FMP-4; 6-15-95)

Night pay differential is authorized by 5 U.S.C. 5545. Rules for night pay differential are provided in 3 FAM 3100 .

4 FAH-3 H-533.7-2 Computation of Night Pay

(TL:FMP-4; 6-15-95)

In order to qualify for night pay differential, such night work must be authorized in advance of the administrative workweek as part of the employee's regularly scheduled administrative workweek. Night pay differential is computed at the rate of 10 percent of employee's basic pay.

4 FAH-3 H-533.8 Pay for Standby Duty

4 FAH-3 H-533.8-1 Authority

(TL:FMP-4; 6-15-95)

Premium pay for standby duty is authorized by 5 U.S.C. 5545. Rules for standby pay are provided in 3 FAM 3100 .

4 FAH-3 H-533.8-2 Definition

(TL:FMP-4; 6-15-95)

Standby status means a state of readiness to immediately answer a call to work, during which the member is free to eat, sleep, listen to the radio, or engage in similar pursuits. The member's whereabouts are narrowly limited and activities are substantially restricted. The member is not free to leave the designated duty station except in an emergency.

4 FAH-3 H-533.8-3 Payment

(TL:FMP-4; 6-15-95)

An administrative or other designated authorizing officer certifies needs and obtains approval required in 3 FAM 3100 and notifies the servicing payroll office of the approved percentage. The percentage of premium pay paid for standby duty may not exceed 25 percent of the employees base pay and may not be calculated on that part of the employee's base pay which exceeds the minimum rate of basic pay for GS-10.

4 FAH-3 H-533.9 Administratively Uncontrollable Overtime Work (AUO)

4 FAH-3 H-533.9-1 Authority

(TL:FMP-4; 6-15-95)

Administratively Uncontrollable Overtime (AUO) is authorized by 5 U.S.C. 5545 (c) (2), OPM regulations 5 CFR 550.151 and agency rules 3 FAM 3100 . This authority may not be used unless procedures have been specifically authorized for a particular office or post by the Director General of the Foreign Service.

4 FAH-3 H-533.9-2 Purpose

(TL:FMP-4; 6-15-95)

AUO is authorized to be paid to employees in positions where hours of duty cannot be administratively controlled. An example of authorized AUO is a criminal investigator performing surveillance for the Office of Inspector General.

4 FAH-3 H-533.10 Post Differential

4 FAH-3 H-533.10-1 Authority

(TL:FMP-4; 6-15-95)

Post differential is authorized by 5 U.S.C. 5925 and Chapter 500 of the Standardized Regulations (Government Civilians, Foreign Areas (GC), FA)). Provisions for post differential are described in 3 FAM 3200 .

4 FAH-3 H-533.10-2 Applicability

(TL:FMP-4; 6-15-95)

Post differential is granted to provide additional compensation to employees for service at places in foreign areas where conditions of environment differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive to an employee.

4 FAH-3 H-533.10-3 Rules for Post Differential

(TL:FMP-4; 6-15-95)

a. Posts approved for a differential and the differential percentages are listed in Section 920 of the Standardized Regulations. An employee transferred to such a designated post is entitled to post differential as of the date of arrival. Section 532 of the Standardized Regulations describes the conditions which terminate the differential. Post uses Form SF-1190, Foreign Allowance Application, Grant, and Report, to establish or terminate the differential.

b. Post differential will be computed per the authorized rate for the post. The differential may not exceed 25 percent of base pay for the employee for the period served. The differential is paid along with the regular biweekly payroll through the payroll system. Post differential is subject to U.S. FICA and Federal, State, and local income tax withholding. It is not creditable for retirement, TSP, or life insurance purposes.

c. An employee's responsibility for verifying correctness of his or her Earnings and Leave Statement extends to reporting periods of ineligibility for post differential and any resulting overpayment.

d. An employee who is detailed a differential pay post on temporary duty (TDY) becomes eligible for post differential only after they have served, during one continuous period of absence away from employee's post of assignment, forty-two days on detail to one or more differential posts. Post differential is not paid for this qualifying period except for select posts as provided in footnotes to Section 920 of the Standardized Regulations. Upon completion of detail, a Form SF-1190 signed by the post administrative officer is submitted to the payroll servicing office through the employee's administrative officer.

4 FAH-3 H-533.10-4 Post Differential Ceilings

(TL:FMP-4; 6-15-95)

Post differential is paid subject to the following ceilings:

(1) Biweekly ceiling—Post differential may only be paid to the extent that the sum of base compensation, charge pay, and post differential do not exceed the biweekly rate for Executive Level II per annum salary.

(2) Payroll year ceiling—Upon the close of the payroll year (tax year), the payroll office will compute the differential earned in the payroll year but not paid due to the biweekly ceiling. This earned but unpaid differential is payable subject to the biweekly ceiling restated to a payroll year ceiling. Whenever an employee who was not serviced for the entire payroll year by the CAPPS requests annual adjustment of biweekly capped post differential, employee is required to furnish a certified statement from the previous payrolling office. The statement should detail compensation paid for the pertinent earlier pay periods.

4 FAH-3 H-533.11 Charge' Pay

4 FAH-3 H-533.11-1 Authority

(TL:FMP-4; 6-15-95)

Compensation in addition to base salary for an officer temporarily in charge of a Foreign Service post during the absence or incapacity of the principal officer is authorized in 22 U.S.C. 3971. Rules for charge' pay are provided in 3 FAM 3100 .

4 FAH-3 H-533.11-2 Computation of Charge' Pay

(TL:FMP-4; 6-15-95)

a. Charge' pay is computed as a percentage of the difference between the basic salary rate of the officer acting temporarily in charge and the basic salary rate provided for the position of chief of mission at a diplomatic mission or principal officer most recently in charge at a consular post or U.S. Interests Section. The regular rate of charge' pay is 50 percent, for other percentages in certain instances see 3 FAM 3100 .

b. Note that the officer must serve twenty-eight cumulative, but not necessarily consecutive, calendar days in charge at the post before becoming eligible for charge' pay at that post. There is no charge' pay entitlement for this waiting period. Only periods of seven or more consecutive calendar days in charge are counted toward completion of the 28-day waiting period or toward eligibility for charge pay after the waiting period.

c. See section 552 of the Standardized Regulations and 4 FAH-3 H-533.10-4 for ceiling on post differential when charge' pay is payable.

4 FAH-3 H-533.11-3 Applicable Deductions

(TL:FMP-4; 6-15-95)

Charge' pay is subject to U.S. FICA, Federal, State, and local taxes. It is not creditable for retirement, TSP, or life insurance purposes.

4 FAH-3 H-533.12 Danger Pay

4 FAH-3 H-533.12-1 Authority

(TL:FMP-4; 6-15-95)

Chapter 650 of the Standardized Regulations and 5 U.S.C. 5928 provide for granting a danger pay allowance to certain employees serving

in a foreign area under specified conditions. Provisions relating to danger pay are described in 3 FAM 3200 and the pertinent posts are listed in the footnotes to section 920 of the Standardized Regulations (Government Civilians, Foreign Areas (GC,FA)).

4 FAH-3 H-533.12-2 Eligibility for Danger Pay

(TL:FMP-4; 6-15-95)

Danger pay is payable to United States citizens employed in the civilian services of a Government agency, including chiefs of mission and members of the Foreign Service, assigned or detailed to a designated danger pay post. Danger pay is not paid for periods of absence away from danger designated areas nor for details of less than twenty-four consecutive hours to a danger post.

4 FAH-3 H-533.12-3 Computation of Danger Pay

(TL:FMP-4; 6-15-95)

a. Danger pay is additional compensation of up to 25 percent over basic compensation for service at a designated danger pay post, commencing at time of arrival, until departure, including days of leave and holidays while remaining at post. To calculate TDY danger pay manually determine basic compensation earned during TDY in danger area and multiply by the applicable danger pay percentage.

NOTE: Danger pay is not received for hours or days for which no base pay is paid.

b. Danger pay is not subject to the post differential ceiling. It is subject to the aggregate limitation in 4 FAH-3 H-533 (1). Danger pay is subject to U. S. FICA, Federal, State, and local income taxes. It is not creditable for retirement, TSP, or life insurance purposes.

c. If an employee has been granted a Special Incentive Differential (SID) as stated in 5 U.S.C. 5925(b), the sum of SID and any danger pay allowance may not exceed 25 percent of the base pay of the employee. For payrolling purposes, danger pay is paid at the full percentage authorized and special incentive differential is eliminated or reduced to maintain a ceiling rate of 25 percent for the two combined (Section 652 c of the Standardized Regulations).

4 FAH-3 H-533.12-4 Accounting for Danger Pay

(TL:FMP-4; 6-15-95)

a. State

Danger pay is charged to the post or bureau allotment (not centralized American salaries), Object Class 1151.

b. USIA

Danger pay for all overseas personnel, except Voice of America (VOA), will be charged to the USIA Washington-held Allotment 1006, Function Code L0000 (American salaries), Resource Code 11030. Danger pay for VOA personnel will be charged to the USIA Washington-held Allotment 2101, Sub-cost Center 00, Function Code A0002 (American salaries), and Resource Code 11030.

c. FAS/USDA

Danger pay is charged to Department of Agriculture's General Authorization at a Post.

4 FAH-3 H-533.12-5 Reporting of Eligibility for Danger Pay

(TL:FMP-4; 6-15-95)

An employee assigned to a danger pay post submits a Form SF-1190, Foreign Allowances, Application, Grant, and Report, to initiate or terminate payment of danger pay. Also, comments on same in the TMEIGHT and TMFIVE cables assist in timely handling. An employee transiting a danger pay post may use Form SF-1190 or a statement certified by the post administrative officer establishing dates of presence there for submission to the bureau executive office.

4 FAH-3 H-533.13 Physicians' Comparability Allowance

(TL:FMP-4; 6-15-95)

a. An allowance authorized by 5 U.S.C. 5948 and 3 FAM 3200 may be paid to physicians designated by the Deputy Assistant Secretary for Medical Services and approved by the Director General (or designee) to facilitate recruitment and retention of physicians of the highest caliber. The memorandum to the payroll servicing office shall contain the following:

- Names of physicians;
- Social Security numbers;
- Organization or post code;
- Annual amounts of allowance;

—Statement that the approved individuals and the allowance amounts meet the criteria of 3 FAM 3200 ; and

—Approval or beginning dates.

b. The allowance for full-time service is currently either \$14,000 or \$20,000 and part-time service is a pro rata share of these amounts. Physicians scheduled to work less than twenty hours per week or on an intermittent basis are ineligible. The allowance is coded subobject 1138 and is charged to M/MED's S & E allotment 6025. M/MED is responsible for immediately notifying the payroll servicing office by memorandum whenever an approved physician becomes ineligible for the allowance for any reason.

c. The physicians' comparability allowance is subject to executive Level I caps.

4 FAH-3 H-533.14 Language Incentive Differential

(TL:FMP-4; 6-15-95)

a. Foreign Service personnel with the prescribed proficiency in an incentive language serving in a language-designated position, and such other circumstances as defined in 3 FAM 3100, may be eligible for an incentive language payment of 10 or 15 percent of base pay.

b. The effective date for the payment is the beginning of the first full pay period after the employee arrives at post or after the employee tests at the required level or after the primary language was added to the Incentive Language List. The payment terminates at the end of the pay period during which the employee departs post.

c. The post administrative officer authorizes the payroll servicing office by cable to begin payment. The cable should contain:

—Employee name;

—Social Security number;

—Statement that employee meets 3 FAM eligibility criteria for a language incentive payment;

—Percentage of incentive; and

—Beginning date.

d. The termination notification is also via cable or TMFIVE containing a statement to stop incentive language payment as of the end of the pay period in which the actual time of departure occurs.

e. This subobject 1153 payment for State employees is charged against post funds rather than the central American salaries allotment.

4 FAH-3 H-533.15 Incentive Awards

4 FAH-3 H-533.15-1 Authority

(TL:FMP-4; 6-15-95)

Incentive awards for Government employees are authorized by 5 U.S.C. 4501-4506. Section 613 of the Foreign Service Act of 1980, as amended, provides for establishment of an award system for members of the Foreign Service. Provisions for incentive awards are provided in 3 FAM 4800 .

4 FAH-3 H-533.15-2 Payment

(TL:FMP-4; 6-15-95)

a. Awards to U. S. citizen employees are paid through CAPPS by sending Form SF-1034, Public Voucher for Purchases and Services Other Than Personal, to the payroll servicing center requesting either inclusion in the next pay check or the issuance of a separate check for presentation to the employee. The payment is subject to U.S. FICA tax and Federal, State, and local income tax withholding. Awards are usually paid from the funds of the office generating the award.

b. See 3 FAM 4800 for awards to Foreign Service National and AMCIT employees.

4 FAH-3 H-533.16 Senior Foreign Service (SFS) and Senior Executive Service (SES) Performance Pay Awards

(TL:FMP-4; 6-15-95)

a. Section 405 of the Foreign Service Act of 1980 authorizes the award of performance pay to members of the SFS and 3 FAM 4800 provides the regulations. The authority for the SES is 5 U.S.C. 4507 and 5374 and the regulations are in 3 FAM 1100 .

b. The awards are of two types, performance and presidential. The performance or Department award cannot exceed 20 percent of an employee's base pay. The presidential award may be either a meritorious award of \$10,000 or a distinguished award of \$20,000.

c. The SES and SFS awards are subject to the calendar year limitation on aggregate compensation of Level I of the Executive Schedule as of the end of the calendar year. Aggregate compensation includes basic pay, locality comparability, post differential, danger pay, physician's comparability allowance, awards, premium pay, equalization allowance,

recruitment and relocation bonuses, retention allowance, supervisory differential, and back pay.

d. Any SES or SFS performance pay awards that cannot be paid due to the ceiling will be carried over and paid at the beginning of the next year. Such delayed payment will count towards the ceiling of the year in which it is paid.

e. The announcement of awards to Department of State employees is routed through the manager of the American Salaries allotment which provides the funds for payment by the payroll system. Payment is made through the payroll system and is subject to applicable FICA, Federal, State, and local income tax withholding.

4 FAH-3 H-534 PREMIUM AND OTHER COMPENSATION—FOREIGN SERVICE NATIONAL EMPLOYEES

4 FAH-3 H-534.1 Authority

(TL:FMP-4; 6-15-95)

Premium pay and other compensation and allowances for Foreign Service National (FSN) employees and personal services contractors and AMCITs may be authorized as stated in section 408 of the Foreign Service Act of 1980, as amended. Under the authority of 22 U.S.C. 3968 and section 408(a)(1) of the Foreign Service Act of 1980, as amended, compensation plans in foreign countries have been established based upon prevailing wage rates and compensation practices in the locality of employment. Terms of FSN personal services contracts conform to the conditions of employment for direct-hire FSN employees insofar as possible (see 3 FAM 7300). The PSC contract should be reviewed for deviations.

4 FAH-3 H-534.2 Policy

(TL:FMP-4; 6-15-95)

See 3 FAM 7300 , Foreign Service National Compensation, and the approved local compensation plan for the policies and procedures for premium and other compensation, including overtime, night differential, and holiday pay. Individuals who work during basic work hours on a U.S. holiday that is not also a local holiday are entitled to straight time per hour worked in addition to basic pay. Those who work during basic work hours on a local holiday are paid, in addition to basic compensation, holiday pay as stated in the local compensation plan. Work performed on a holiday

during other than basic working hours is treated as overtime work rather than holiday work.

4 FAH-3 H-534.3 Bonus Pay

(TL:FMP-4; 6-15-95)

Bonus pay is paid in accordance with the local compensation plan developed pursuant to prevailing local practices.

4 FAH-3 H-534.4 Awards

(TL:FMP-4; 6-15-95)

See 3 FAM 4800 for awards to Foreign Service National and AMCIT employees which are paid through the payroll system by inclusion in the regular paycheck or issuance of a separate check for presentation to the awardee.

4 FAH-3 H-534.5 Severance Pay

(TL:FMP-4; 6-15-95)

Severance pay is paid pursuant to the conditions and amounts prescribed in the local severance pay plan as discussed in 3 FAM 2500 .

4 FAH-3 H-534.6 Death Gratuity

(TL:FMP-4; 6-15-95)

As set forth in section 3 FAM, survivors of a Foreign Service National employee who died as a result of injuries sustained in the performance of duties abroad may be eligible for the payment of a death gratuity equal to one year's salary.

4 FAH-3 H-535 ALLOWANCES

4 FAH-3 H-535.1 Authority

(TL:FMP-4; 6-15-95)

Allowances are granted to U.S. citizen employees in accordance with the Standardized Regulations (Government Civilians, Foreign Areas (GC, FA)), the Foreign Affairs Manual (see 3 FAM 3200) and supplemental regulations in the Manual of Operations and Administration (USIA).

4 FAH-3 H-535.2 Grants

(TL:FMP-4; 6-15-95)

a. An eligible employee makes application on Form SF-1190, Foreign Allowance Application, Grant and Report, to the principal or administrative officer. To facilitate timely initiation and termination of allowance payments posts may alert the payroll servicing office in the TMEIGHT and TMFIVE messages, followed by Form SF-1190.

b. Revisions to post allowance (cost-of-living) grants resulting from Federal Salary Act pay adjustments and from across the board rate increases do not require a newly executed Form SF-1190 but may be made on a group basis, using white bond paper. The mass action document must show:

- (1) Employees' names;
- (2) Posts of assignment;
- (3) Salaries;
- (4) Family status as defined in section 040 of Standardized Regulations using code "1" for one adult exclusive of the employee, "1c" for one child and so on; and
- (5) The name, signature, and title of the authorizing officer.

c. Revisions resulting from individual employees promotions or periodic pay step increases may be made and supported by using a copy of the agency's payroll change record.

4 FAH-3 H-535.3 Payment

(TL:FMP-4; 6-15-95)

a. Living quarters, post, and separate maintenance allowances are paid on the biweekly payroll.

b. Quarters advance is made outside of the payroll system but a copy of the voucher must be sent to the payroll system which monitors the earning or repayment of the advance.

c. Education, foreign transfer, and temporary quarters subsistence allowances are normally vouchered directly to the employee as per 4 FAH-3 H-440. Education payments may be made directly to a school so long as employee's account does not exceed that authorized by section 920 of the Standardized Regulations.

4 FAH-3 H-535.4 Foreign Service National Employees

(TL:FMP-4; 6-15-95)

Local compensation plans provide information on allowances for Foreign Service National employees as well as personal services contractors and AMCITs.

4 FAH-3 H-536 ADVANCE OF PAY

4 FAH-3 H-536.1 Scope

(TL:FMP-4; 6-15-95)

An advance of pay may be made to a full-time U. S. citizen employee who has been issued permanent change-of-station (PCS) orders assigning the employee to a post in a foreign area. The U.S. Code, 5 U.S.C. 5927, provides that up to three months' pay may be paid in advance to an employee upon the assignment of the employee to a post in a foreign area. See also Chapter 850 of the Standardized Regulations (Government Civilians, Foreign Areas GC, FA)).

4 FAH-3 H-536.2 Definitions

(TL:FMP-4; 6-15-95)

a. **Employee** means an individual employed in the civilian service of a Government agency (including chiefs of mission and members of the Foreign Service of the United States) who is:

- A citizen of the United States;
- Officially assigned to a foreign area as defined below;
- Receiving basic compensation; and
- Eligible for allowances or differential.

b. **Foreign Area** means any area (including the Trust Territory of the Pacific Islands) situated outside the United States, the Commonwealth of Puerto Rico, and the possessions of the United States.

NOTE: Home leave and return to post does not qualify for an advance.

c. **Pay** means current salary at time of request; that is, the basic pay of an employee exclusive of all allowances, differentials, or other additional compensation minus mandatory deductions (Federal, State, and local income taxes, U.S. Social Security taxes, retirement, basic life insurance, health insurance, salary offset for indebtedness, garnishments and court-ordered bankruptcy payments).

d. **Post** means the place designated as the official duty station of the employee, regardless of whether the employee is detailed elsewhere or resides at another place with the authorization or approval of the head of the agency.

e. **Up to three months** means not more than six biweekly pay periods.

4 FAH-3 H-536.3 Issuing Advance of Pay

4 FAH-3 H-536.3-1 *Requesting an Advance of Pay*

(TL:FMP-15; 02-06-2003)

a. *To request an advance of pay in association with an assignment to a post in a foreign area, an employee must submit Form JF-55, Request and Voucher for Advance of Pay, accompanied by a copy of the travel orders assigning the employee to a post in a foreign country to the servicing payroll office. The employee supplies the social security number and travel order number on Form JF-55. The advance may not be paid prior to the issuance of travel orders and not more than 45 days prior to the employee's scheduled departure to, or not more than 60 days after arrival at the overseas assignment.*

b. *To request an advance of pay for outpatient medical emergency assistance:*

(1) *If in Washington, D.C., U.S. employees who are assigned or located overseas and foreign national employees on USG government-issued TDY orders must submit Form JF-55, Request and Voucher for Advance of Pay, and a letter from the treating facility/physician documenting the need for emergency outpatient medical care, including anticipated date and estimated cost of care, to the Executive Officer (or financial management officer) of his/her Regional or Functional Bureau in Washington. The EXO or FMO, after consultation with the Office of Medical Services, will grant initial approval for the medical emergency assistance. This initial approval will be quickly forwarded (by phone, email, or fax, as appropriate) to the employee's servicing payroll office to determine the maximum amount of advance that can be authorized and to advise the EXO or FMO. The EXO or FMO will, upon receipt of this information, authorize the outpatient medical emergency assistance in an amount not to exceed the maximum determined by the payroll office.*

(2) *If overseas, U.S. and foreign national employees must submit Form JF-55, Request and Voucher for Advance of Pay, and a letter from the treating facility/physician documenting the need for emergency outpatient medical care, including anticipated date and estimated cost of care, to the principal, administrative, or financial management officer at post. The principal, administrative, or financial management officer, after consultation with the regional medical office or post medical officer, will grant initial approval for the medical emergency assistance. This approval will be quickly forwarded (by phone, email, or fax, as appropriate) to the employee's servicing payroll office for determination of the maximum amount of advance that can be authorized. The principal, administrative, or financial management officer will, upon receipt of this information, authorize payment of the outpatient medical emergency assistance in an amount not to exceed the maximum determined by the payroll office.*

c. *All salary advance requests must contain the following statement:*

"Repayment of this advance is to be made by payroll deductions. The full advance will be repaid in not more than 18 pay periods. I will maintain

other voluntary deductions such as allotments in amounts so as not to delay repayment of this advance.”

- d. *The employee must sign the request (original and three copies).*
- e. *An employee may elect a repayment schedule of less than 18 pay periods.*

4 FAH-3 H-536.3-2 Calculation of Advance of Pay

(TL:FMP-4; 6-15-95)

Care should be exercised that an advance is not greater than the permitted amount and that the net pay is adequate to cover the repayment schedule. Base pay and mandatory deductions may be determined from the Earnings and Leave Statement.

4 FAH-3 H-536.3-3 Processing Request For Advance of Pay

(TL:FMP-4; 6-15-95)

- a. Employees requesting the advance in Washington must provide required documentation to the servicing payroll office (for Department of State: FMP/F/DFS/OCP/CAPD, Room 6701, SA-15).
- b. Employees overseas must submit required documentation to the post's administrative officer.
- c. Employees not payrolled by CAPPS must request the advance through their own payroll office.
- d. Documents are examined to verify completeness and correctness of the request including computation of the amount to be advanced, pay back rate, and accounting data. A search must be made for any currently outstanding advance. At post, the certifying officer signs Form JF-55; in Washington the FMP/DFS//OCP/CAPD designated staff signs Form JF-55.
- e. The advance is paid in the payroll system, sent to the same address as the employee's net pay and is charged to the appropriation from which the employee's regular salary is paid. The allotment to be charged is as follows:
 - (1) **Department of State:** Memorandum Account designated by allotment code 7097;
 - (2) **USIA:** Organization Cost Center 1075; and
 - (3) **Other Agencies:** As determined by the respective agency.

4 FAH-3 H-536.3-4 Requesting Advance Prior To Liquidating a Current Advance of Pay

(TL:FMP-4; 6-15-95)

An employee who has an outstanding balance from a prior advance of pay may be issued a new advance when, after arrival at the new post in a foreign area, the employee is reassigned to another post in a foreign area before full repayment of a previous advance of pay. The total unpaid balance, including the new advance, may not exceed the previously stated 6-pay-period limit.

4 FAH-3 H-536.4 Collecting Advance of Pay

4 FAH-3 H-536.4-1 Deduction From Salary

(TL:FMP-4; 6-15-95)

a. Advance of pay is collected by biweekly deductions from an employee's salary. The deduction from salary will begin on the pay day that falls during the second full pay period following the pay period in which the advance was paid.

b. When an employee enters or leaves servicing by CAPPS, the transfer of the authority to pay should identify the balance of any advance and the biweekly deduction amount to facilitate complete recovery of the advance.

4 FAH-3 H-536.4-2 Precedence Over Other Deductions

(TL:FMP-4; 6-15-95)

In accordance with the order of precedence for payroll deductions prescribed by section 5.3 of Title 6 of GAO's Policy and Procedures Manual for Guidance of Federal Agencies, advance of pay is considered to be an indebtedness due the United States and the deduction is to precede other voluntary deductions, including allotments and assignments of pay (see 4 FAH-3 H-541.4).

4 FAH-3 H-536.4-3 Accounting

(TL:FMP-4; 6-15-95)

a. Deductions from an employee's salary for advance of pay are credited to the advance pay account (appropriation, allotment, travel authorization number, and social security number).

b. Such collection data is reflected biweekly on the employee's Earnings and Leave Statement and to the serviced agency on Payroll

Recurring Deductions Report, Form SF-478, Net Disbursements and Collected Reimbursements Report, and Form SF-1081, Voucher and Schedule of Withdrawals and Credits.

4 FAH-3 H-536.4-4 Cancellation of Assignment

(TL:FMP-4; 6-15-95)

- a. If an assignment to a post in a foreign area is canceled at the convenience of the agency, the employee may repay the advance as previously scheduled.
- b. If an assignment to a post in a foreign area is canceled at the convenience of the employee, the outstanding balance must be repaid in full immediately to the agency.

4 FAH-3 H-536.4-5 Nonissuance of Paycheck

(TL:FMP-4; 6-15-95)

In the instance where nonissuance of a paycheck necessitates a retroactive salary payment, the deduction made for each pay period included in the retroactive salary payment shall not exceed the normal pay back amount. In the event that the advance is not deducted, the nondeducted amount will be treated as an overpayment and repayment will be made in accordance with agency regulations (see 4 FAH-3 H-547).

4 FAH-3 H-536.5 Establishment As Accounts Receivable

(TL:FMP-4; 6-15-95)

- a. Each agency must establish an accounts receivable on the basis of disbursements charged to their appropriation supported by a signed copy of the Advance of Pay Request.
- b. The accounting transactions for maintaining the account receivable must be reported by the payroll system to the serviced agency biweekly on Payroll Advice of Charge and Payroll Recurring Deductions Reports.

4 FAH-3 H-536.6 Collecting Advance Pay Under Default

(TL:FMP-4; 6-15-95)

When an employee is in default of repayment of the amount advanced, collection actions must be taken as stated in 4 FAH-3 H-490 .

4 FAH-3 H-537 LUMP-SUM LEAVE PAYMENT

4 FAH-3 H-537.1 Scope

(TL:FMP-4; 6-15-95)

Whenever an employee is being separated and a lump-sum payment for accumulated and current accrued leave is authorized according to the provisions of 3 FAM 3400, the amount due is determined in accordance with this section and payment is made in the payroll system.

4 FAH-3 H-537.2 U. S. Citizen Employees

4 FAH-3 H-537.2-1 Computation of Period of Leave

(TL:FMP-4; 6-15-95)

a. The computation of a lump-sum leave payment is based on the total hours of the annual and restored annual leave balances at the time of separation, times the rate or rates at which the employee would have been paid had the employee remained employed until the expiration of the leave balance. In computing the period of leave coverage in order to ascertain the hourly rate, it is necessary to count as the first day of leave the first workday immediately following the date on which service was terminated and count thereafter each successive workday as a day of leave until all leave is exhausted. The period of leave shall not be extended due to any holiday occurring after separation.

b. Should a pay schedule change be enacted or otherwise established by law subsequent to a lump-sum leave payment for a period of leave that would have carried the employee beyond the effective date of the pay change, then the lump-sum payment should be recomputed to recognize the changed rate.

c. The lump-sum leave payment for an employee who separates at a post with a post differential is computed at the hourly rate of pay including post differential provided the employee is physically present at post on the date of separation from employment. This also applies to an employee who dies at post. An employee who separates at post will not be in a salary status during authorized travel to a designated or nondesignated place of residence. The applicability of post differential to a lump-sum leave payment ceased for any tour of duty or extension thereof which commenced on or after October 28, 1991.

d. A Foreign Service officer who at the time of separation is receiving a special differential for substantial amounts of extra work may have the differential included in the lump-sum leave payment.

e. The leave payment includes any pertinent geographic or locality-based comparability adjustment of pay (5 U.S.C. 5304).

f. The hourly lump-sum rate for an officer separating at a chief of mission salary rate is the rate which the officer was receiving on the date on which the officer was last subject to the leave law.

4 FAH-3 H-537.2-2 Applicable Deductions

(TL:FMP-4; 6-15-95)

The lump-sum payment is considered pay for taxation purposes only. Flat income tax withholding rates of 28 percent Federal, 5 percent State, and 2 percent city are applied where applicable. NOTE: A lump-sum annual leave payment is subject to both OASDI (Old-Age, Survivors, and Disability Insurance) and HI (Hospital Insurance) or only HI tax, whichever was applicable to the last wages paid the individual. The lump-sum leave payment is not creditable for retirement or TSP purposes and no deduction is made for life or health insurance.

4 FAH-3 H-537.2-3 Check for Employee Indebtedness

(TL:FMP-4; 6-15-95)

On separations, Form DS-8, Fiscal Clearance for Final Salary Payment, or an acceptable substitute must be completed prior to payment of lump-sum leave to assure that there is no employee indebtedness.

4 FAH-3 H-537.2-4 Accounting

(TL:FMP-4; 6-15-95)

The lump-sum leave payment must be charged to funds available for salaries on the date of separation.

4 FAH-3 H-537.2-5 Short Term Employment

(TL:FMP-4; 6-15-95)

Employees who do not complete ninety calendar days of continuous employment under one or more appointments are not entitled to a lump-sum leave payment.

4 FAH-3 H-537.2-6 Reemployed Annuitants

(TL:FMP-4; 6-15-95)

A lump-sum leave payment may not be made to a former employee who is reemployed without a break in service and enters a position on a regular tour of duty to which annual leave is transferable. Such annuitant will be entitled to a lump-sum payment for annual leave accrued under both the regular and temporary appointments upon final separation. The hourly rate

at which the leave is paid is computed from the full salary rate of the reemployed position without any reduction for the amount of the employee's retirement annuity. Also, a lump-sum leave payment has no effect on one's annuity.

4 FAH-3 H-537.3 Foreign Service Nationals

(TL:FMP-4; 6-15-95)

Following receipt of Form DS-8, Fiscal Clearance for Final Salary Payment, any lump-sum leave payment to FSN employees and PSCs and AMCITs must be made in accordance with 3 FAM 3400 or the contract.

4 FAH-3 H-538 ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT (EITC)

(TL:FMP-4; 6-15-95)

a. If eligibility requirements are met, an individual may be entitled to a refundable credit against the individual's U.S. income tax liability. If the amount of credit is greater than the amount of the tax liability, the excess is treated as an overpayment of taxes and will be refunded to the individual at the time a tax return is filed.

b. An employee in the United States may be granted advance payment of Earned Income Tax Credit if eligibility requirements are met. See Circular E, Employer's Tax Guide; Publication 596, Earned Income Tax Credit; and Notice 797, Possible Federal Tax Refund Due to the Earned Income Tax Credit (EITC). The advance is not applicable to FSNs or other overseas employees.

c. An eligible employee must file form W-5, Earned Income Tax Credit Advance Payment Certificate, with the payrolling office to initiate this credit.

d. An advance EITC payment is not compensation for services and is not subject to payroll taxes. Therefore, an advance EITC payment does not change the amount of income tax or social security tax withholding.

4 FAH-3 H-539 UNASSIGNED